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## Impact of Sustainable Tourism Development on the Economy: Case Study Kosovo

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### Abstract

Today, tourism is becoming more and more the main economic branch by generating financial income and creating new job opportunities. The purpose of this paper is to study the development of tourism in Kosovo and specifically, through it aims to make a modest contribution to solving a better model of sustainable tourism development in Kosovo. In order to fulfill the purpose of the study, with the aim being the acquaintance of theoretical aspects related to the sustainability problems of tourism development as well as the analysis and comparison of data related to tourism. Kosovo's tourism economy today faces many problems, one of that being the identification of a genuine tourism product development strategy, as well as the use of marketing strategies, which will orient towards the sustainable development of tourism. In times of market economy, unfavorable fiscal policies in Kosovo often become an obstacle to the development of tour operators, even when they have the capacity and potential for development. Kosovo's tourism economy, in particular, and the economic sector in general are ruled by small and medium operators of the economy, with large economic operators being in the midst of privatization, it is required to find a favorable sector strategy which in long-term period will ensure the sustainability of tour operators, offering a diversified tourism product.

**Keywords:** Economic Development; Tourism Economics; Finance**JEL Classifications:** F63; Z3; F65; Z0

## Introduction

At a time when the global economy is in a period of change, efforts to orient towards sustainable economic development, have priority in providing new solutions for decision makers, who with the research done, stimulate debates for sustainable economic development. However, as one of the sectors where the economic growth of the country is expected to be concentrated in the future, tourism has still not found itself in genuine sectoral development. The literature review is organized according to topics considered to maintain a logical connection, in a reasonable flow of information, in order to increase the understanding and maximum use of information (Dibra, M. 2010).

For the problem posed in this paper, the literature review focuses on two basic aspects. The first aspect is associated to the sustainable tourism development, in order to understand the necessity for the orientation towards sustainable tourism development and also the role of relevant actors in the orientation towards the development of sustainable development.

The second aspect of the literature review will enable the introduction of the best practice models for identifying and explaining opportunities for favorable tourism policies, which enable sustainable development and significant impacts on the economy. Sustainable development is not a new idea, having received appreciation as a concept in all spheres of today's modern society, both in political life, public which guides current policies for growth and development globally, as well as nationally and locally.

In order to understand sustainable development more easily, it is necessary to know how this idea has been developed. Swarbrooke, values the Roman Empire as the first reference for sustainability, because the Romans focused on developing their cities and settlements in a planned and prudent way, with a vision to guide the expansion of their future (Swarbrooke, 2002). Also, traditional agricultural practices, such as crop rotation, were also based on the principles of sustainability. Traditional farms were more managed to preserve the land than to destroy the productive capacity of the land, in order for it to continue support food production for a long time.

The Industrial Revolution led to the urbanization of large areas and greater pressure on the natural environment, utilizing these resources for short-term profits. It began to be understood that if the industrialization of the globe was left unchecked, it would have consequences on the environment and society.

The paper consists of the following sections: abstract, introduction, literature review, research methodology, sustainable economic development, socio-economic and environmental impact of sustainable tourism, study findings, at the end of the article the conclusions and recommendations as well as literature that has been used in connection with the realization of this article are presented.

## Literature Review

Tourism, as an important sector of the economy, is an operation of continuous efforts, also presenting one of the most expanding branches of the economy, that with its developmental expansion has grown into an international level industry during these last 50 years. As for today's literature on sustainable tourism, the most popular are the following principles for sustainable tourism development: From all natural, historical, cultural resources, the current community should benefit, with those resources being preserved for future generations.

Development must be directed towards the minimization of negative impacts on the environment, community and visitors (Alipour, 1996). A holistic planning direction and strategic direction needs to be adapted (Bramwell & Lane, 1993). Productivity assurance is based on long-term direction for posterity (Bramwell & Lane, 1993). Tourism must be able to assist local economic activities that take into account environmental costs and benefits extensively, without becoming activities that monopolize the economic base of the area. We should undertake research throughout all phases of tourism development and also monitor impacts, problem solving and allow stakeholders to make changes and take advantage of opportunities (Garrod & Fyall, 1998; Sothgate & Sharrpley, 2002).

Developing a greater awareness and understanding of the important contribution that tourism has to the economy, the environment and the community. Since the publication of the paper, sustainable tourism

publications have raised noise in all dimensions. Precedently for example, (Buckley, 2012) has made the suggestion that, in general, the related research publications number had to be that of more than 5000; likewise, (Niñerola, et al., 2019) has identified 4647 publications during the period 1987-2018 focusing on the issues of tourism sustainability. Moreover, both these and other reviews reveal the degree of evolution of research topics and also the trends concentrated in sustainable tourism, with the most recent inevitably focused on the connection of climate change and tourism.

Nonetheless, these reviews refer to the maturity of sustainable tourism as research field, and also the growth of tourism researches in general, with two matters in need to be emphasized. Through the declaration, the World Tourism Organization, known as the Manila Declaration, issued by the World Tourism Conference in 1980, clarified tourism's real nature with all its characteristics together with tourism's role in a dynamic world and of significant changes and the responsibilities of states for the development and improvement of tourism (WTO, 1980).

Namely, the publication reckoned that whilst it's the duty of all actors to seek or encourage sustainable tourism in more forms (Fennell, 2008) - this being done 'without hiding behind politically acceptable but 'unsuitable for sustainable development' flag (Sharpley, 2000). In point of fact, (Bramwell et al. 2017) discuss that 'now sustainable tourism is described as a normative orientation towards sustainable development' with that being evident since the announcement of Sustainable Development Goals in 2015, etc.

## **Sustainable Economic Development**

The development of the economy provides the meeting of citizens' present needs, in the absence of the compromise of the capacity to meet the needs of posterity. With this modern economic conception having the citizen whom it puts in the center of attention for political decision makers as its priority. Today's concept of sustainable development is very different from previous economic concepts, especially of the economy after the economic crisis of the '30s of the last century, because this concept of sustainable development offers modern concepts when it comes to the foundations needed to organize a sustainable economy in these critical moments and when there are clear signs that the global economy cannot move towards expansion with no cataclysm. Sustainable development is defined in different ways by different thinkers.

The most well-known and accepted definition so far is: "Development that meets the needs of the present, without compromising the ability of future generations to meet their needs".

The economy is, firstly, a subsystem of human society which is in itself, secondly, a subsystem of the totality of life on Earth. And, there is no subsystem that can expand beyond the capacity of the overall system of which it is a part "(Porritt et al, 2004).

The principles of new economies include:

- Systematic empowerment of people, as a basis for development-focused individuals. This is based on a realistic depiction of human nature, recognizing that people are selfish, cooperative and competitive.
- Systematic conservation of resources and the environment, as a basis for sustainable development for the environment.
- Evolution, from a "wealth of nations" model of economic life, to a model world towards an ecologically sustainable economic system.
- Re-establishment of ethical and political components centric to the economic life and also the respect for qualitative values, and the respect for women's values, without gender based discrimination.

These principles are important for every segment of economic life, including every level, starting from the personal and family ones. Modern policies of the economy focus directly on people, as active citizens, and also the recycling of a portion of public revenues in order for sustainable development to be achieved.

The concept of sustainable development comes from this reality, as an attempt to coordinate the apparent conflicts between environmental protection, economic development and quality of life. This concept was first formulated in 1987 by the World Commission on Environment and Development with the publication of the report "Our Common Future", known as the Brundtland Report.

## **Socio-economic and Environmental Impact of Sustainable Tourism**

For the preparation of this research, qualitative and quantitative methods were used, collecting, processing and analyzing the data as well as interpreting the findings of this research. During the drafting of the paper, a descriptive method was used, through which the model of sustainable tourism was described by the practice of various authors emphasized in the literature review section and at the same time the current state of tourism in Kosovo was described, fulfilling the aim of this literature study accompanied by the best tourism practices, experiences and their implementation, analysis of the design and implementation of sustainable tourism models and analysis of tourism strategies' role and impact on the development and growth of tour operators in the market for the recent years. Secondary sources' data were collected from diverse literature and from institutions' websites etc.

With time, tourism's economic importance has been noticed by many nations. The field of tourism as an economy branch is becoming a tool to spread and promote advantages economically. Numerous countries have succeeded, rapidly increasing the number of visitors. The "positive impacts" of tourism development are evident in the significant generation of jobs or the increase in foreign exchange earnings.

For the positive impacts of tourism on the economy, Mathieson and Wall & Hughes, in their publications emphasize that the positive economic impacts can be seen in articles and texts devoted to the economic analysis of tourism. Thus, techniques such as multipliers and input-output models are advanced. This line of thought was intended to better find, measure what is in it which precisely tourism can contribute, or in fact has contributed to the economic development of a destination (Mathieson & Wall, 1982).

Kosovo has appeared late in the tourism market due to its colonial position, which has had complete isolation in the traffic network. For the period until 1970, in the aspect of tourism, Kosovo has been quite underdeveloped. The basic concept then was the development of local tourism.

After 1970, to improve the economic structure, Kosovo began exploring opportunities for tourism development, construction and modernization of the road network and construction of the tourism material base. In the period 1970-1989, the basic criterion of Kosovo's economic interest for the development of tourism, as well as for the development of other activities, has been the impact that tourism has or will have on employment and income, because these two economic categories have been and are the essence of the socio-economic problems of Kosovo.

For the reasons stated, as global and basic goals of tourism development in Kosovo, for the period until 1990, the accelerated socio-economic development of Kosovo with the activation of existing and very important tourism resources has been emphasized, which is achieved by increasing revenue streams in Kosovo.

The birth and development of tourism is the result of the existence and combination of certain factors, which promote and enable this development. Circumstances that affect the birth and development of tourism are known as factors of tourism and are composed of different natures with each of them having their own influence on the development of tourism. While one group of these factors has an impact on tourist flows, other groups contribute to the formation of new types of tourist movement, while the third group has influences on increasing the volume of tourist traffic (Staka et al., 2004). From this we can conclude that the determining factors of a country's tourism development can be grouped into three main groups:

- Incentive factors, respectively tourist demand factors. This group of factors includes all the factors that promote the creation of conditions for the emergence of tourist needs.
- Tourism intermediaries. They are a group of factors that whose action has influences on the group of incentive and host factors and at the same time links the factors of tourism demand and supply because their mediator role.
- Reception factors or tourist offer factors. These factors imply the existence of quality level goods and services of a country that can meet the demands of tourists (Bakiu et al., 1997).

Based on these factors, we can explain the position of a country in the development of tourism. If a country has these factors and combines them through tourism policy at the country level, then it can be said that that country has conditions for tourism development (Koja & Gorica, 2004). In order to identify the determining factors for the development of tourism in a country it is important to know some of the most important economic indicators. The following tables present the general data of the Republic of Kosovo.

**Table 1:** General data of Kosovo for 2018

Nr.	Indicators	Numerical value
1.	Surface	10906 km <sup>2</sup>
2.	Settlements	1469
3.	Municipality	38
4.	Population	1,817,068
5.	GDP	6.725.913 €
6.	Income / per capita	3746 €

Source: Data processing by the authors based on the data of the statistical yearbook published by the Statistical Agency of Kosovo

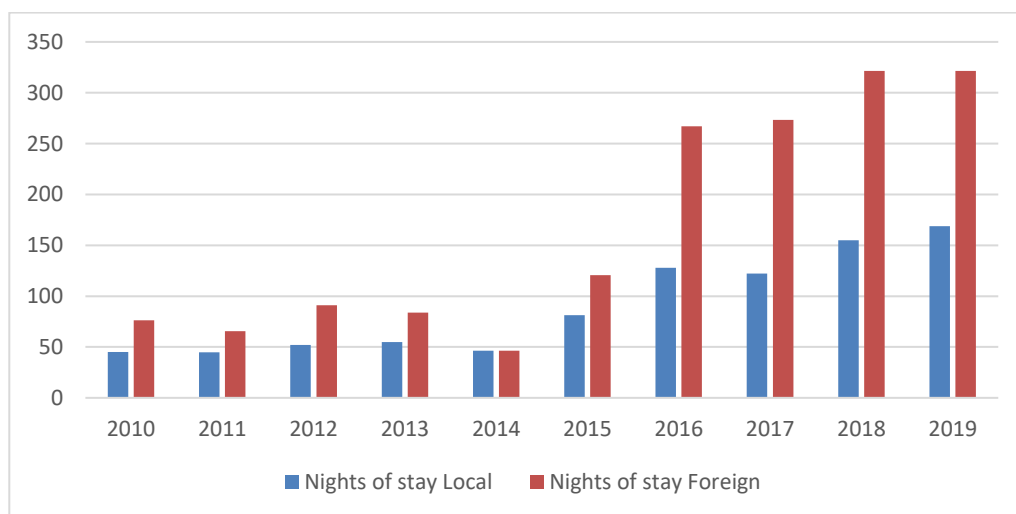
GDP in Kosovo for the years 2008 - 2018 has increased in the amount of 3,882,762 to € 6,725,913 million. GDP per capita increased from € 2,258 in 2008, to € 3,746 in 2018 (KAS, 2019).

**Table 2:** Indicators of economic activities for 2018

Nr.	Indicators	Numerical value
1.	Number of active enterprises by economic sections per year	35540
2.	Number of employees and self-employed individuals by economic sections	177852
3.	Accommodation and food service activities	3683
4.	Employees in accommodation and food service activities	13955
5.	Net stay / local / foreign	476355
6.	Visitors / local / foreign	300804

Source: Data processing by the authors based on data from the Kosovo Agency of Statistics and the Tax Administration of Kosovo

The data available for this sector is very limited. Tourism is supposed to contribute directly to more than 1% of Kosovo's GDP and employs more than 9,000 people. Regarding the number of local and foreign visitors as well as overnight stays for local and foreign visitors during 2010 to 2019, we see that during 2019 the number of local visitors has increased by 1.56% compared to 2018, while the number of overnight stays of local visitors have increased by 8.88%. We have a decrease in foreign visitors by 7.99%, while the net stays of foreign visitors have increased by 0.08% compared to 2018 (ASK, 2020).



**Figure 1:** Number of net stays of local and foreign visitors during 2010 - 2019

Source: Data processing by the authors based on data of hotel statistics published by ASK, March, 2020

**Table 3:** Tourist centers in the Albanian Alps

Average denivelation of trails	The main mountain centers	Number of skiers	Total capacity of centers
880	Maja e Rusolisë	19.250	40.000
	Maja e Kurvalës	11.250	22.000
	Bjeshka e Belegut	7.550	15.000
	Koprivnik	6.620	11.000
	Rosa Zogut	5.150	10.000
	Strellci	4.150	8.000
	Maja e Strellcit	3.855	7.000
	Hala	3.780	7.000
	Maja e Leqinatit	2.760	5.000
	Maja e Moknës	2.030	4.000
Total:		65.393	129.000

Source: Tabular data prepared by the authors

**Table 4:** Ski resorts in the Sharr Mountains

Average denivelation of trails	The main mountain centers	Number of skiers	Total capacity of centers
950	Bistrica-Prevallë	13.780	27.000
	Brezovica	7.575	15.000
	Brodi	7.100	14.000
	Radesha	5.150	10.000
	Lubinjë	4.750	9.000
	Brodosavci	4.720	9.000
	Restelica	4.620	9.000
	Shtërpca	3.920	8.000
	Oshlaku	3.190	6.000
	Kara Nikollë	3.180	6.000
Total:		57.985	113.000

Source: Tabular data prepared by the authors

The data presented in the above tables show the possibility of establishing 20 tourist centers for the development of winter-sports tourism in the tourist regions of the Albanian Alps and in the Sharr Mountains. However, other tourist regions also have very good conditions for the establishment of tourist centers for certain types of tourism development. "Shala e Bajgorës" is a very attractive place for the development of certain types of tourism. Also, hydrothermal spring can create the possibility for the establishment of tourist centers and the development of curative tourism.

**Table 5:** Cultural heritage in Kosovo

Nr.	Cultural heritage	Kosovo
1.	Archaeological heritage	400
2.	Architectural heritage	821
3.	Architectural Conservation Areas	200
4.	Special areas	44
5.	Cultural heritage sites under UNESCO protection	4

Source: Tabular data prepared by the authors based on MCYS data

**Table 6:** Natural heritage in Kosovo

Nr.	Natural heritage	Kosovo
1.	Protected natural areas	11
2.	National parks	2
3.	Regional parks	2
4.	Natural monuments	58
5.	Forest parks	2
6.	Protected landscape	2

Source: MESP of Kosovo, data processed by the authors

**Table 7:** Natural heritage, tourist attractions

Nr.	Natural heritage	Kosovo
1.	Gorges (5 most popular)	5
2.	Highest mountain peaks (10 highest)	10
3.	Caves	6
4.	The main rivers	8
5.	Artificial lakes (4 largest)	4
6.	Thermal water springs	9

Source: MESP of Kosovo, data processed by the authors

Data in Tables 1-7 present the area of Kosovo, population, GDP, per capita income, registered businesses, cultural and natural heritage tourism resources, tourist attractions, number of local and international tourists, financial revenues from turnover of tourism, data provided from certain sources which are cited in each table and processed by the author (MESP, 2004).

## Findings

Compilation and definition of clear recommendations on what the tour operators should be improved in the future, as well as tourism policy makers in order to achieve tourism development sustainability and direct impacts of tourism on the economy. The data available for this sector is very limited.

Tourism is presumed to contribute to Kosovo's GDP directly by more than 1% and employ more than 9,000 people (3.5% of total employment), with the world average tourism contribution to GDP being 3.3%. The hospitality sector contributes just over 1% to Kosovo's GDP; according to the Kosovo Agency of Statistics. Out of the total number of active businesses, 35,540 economic operators in Kosovo, 3683 are tourist operators, expressed in percentage, tourism participates with 10.36%.

The number of employees in the private sector is 177852 with employees in the tourism sector resulting in 13955 and expressed in percentage tourism participating with 7.85% in the total number of employees. During 2019 the number of local visitors has increased by 1.56% compared to 2018, we also have an increase in the number of stays of local visitors by 8.88%.

The situation with foreign visitors is not in a satisfactory level, we have a decrease in foreign visitors by 7.99%, but we have an improvement in the net-stays of foreign visitors or we have a slight increase of 0.08% compared to 2018. One of the problems we have faced during the realization of this study is the lack of data, therefore we could conclude the matter in its empirical aspect, etc.

## Conclusion

There is currently no national tourism strategy. The drafted strategy is still nascent, although without standing on its own as a Tourism Strategy, but part of the Private Sector Development Strategy. However, the Government of Kosovo has not yet approved this strategy.

Cultural heritage tourism resources are largely available for the development of sustainable tourism. As for natural heritage tourist resources, from the research findings it results that Kosovo has opportunities for the establishment of tourist centers for winter-sports tourism but also the development of other types of outdoor tourism. Tourism development must be followed by a sufficient budget in order to make the necessary capital investments, develop policies and also finance the appropriate institutional structure.

In general, multiple funding sources are needed to fund all required dimensions. Kosovo does not yet have a defined sustainable tourism development strategy. The level of tourism participation in Kosovo's economic development based on available tourism resources is not satisfactory.

Design and implementation of favorable tourism policies that will help even more in the development of tourism where the number of businesses in tourism and other sectors of the economy will increase, increase the number of employees, increase the capacity of accommodation units, increase of tourist traffic.

Natural tourism resources are not yet included in the function of tourism development and are far from the function of sustainable development, so it is the duty and responsibility of the competent tourism institutions and other interest groups for these resources to be in function of the development of sustainable tourism. The natural tourist attractions that the region has, should be an integral part of the tourist offer of the region as a complete tourist destination with a diversified tourist offer that is attractive to local and international tourists.

A promotional strategy should be developed, prioritizing digital marketing and online platforms and applications. The cross-border tourism project, Balkan Peaks, should be developed by local institutions competent for tourism in other phases foreseen by the interstate working group (Kosovo-Albania-Montenegro) which can serve as a model for the development of cross-border tourism of Kosovo with other countries such as the opportunity on the Kosovo-Albania-Macedonia tri-border, etc.

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